



Canadian Nuclear Safety Commission Office of Audit and Ethics

Audit of Participant Funding Program

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Executive summary

Background

The audit of the Canadian Nuclear Safety Commission's (CNSC) Participant Funding Program (PFP) was part of the approved CNSC *Risk-Based Audit Plan 2014–15 to 2016–17*.

The PFP was established to provide members of the public, Aboriginal groups and other stakeholders with the opportunity to request funding in support of their participation in the CNSC's regulatory decision-making processes. Such engagement helps enable meaningful public and Aboriginal participation in the environmental assessment and licensing processes.

Objectives, scope and approach

The objectives of the audit were to provide reasonable assurance to CNSC management that:

- the governance, risk management and controls in place to support the objectives of the PFP are adequate and effective
- PFP activities are in compliance with the Treasury Board (TB) *Policy on Transfer Payments* and *Directive on Transfer Payments*, and with internal CNSC protocols
- operational, financial and management controls over funding decisions are effective
- financial and management performance information is adequate and reliable
- controls that ensure funds are spent for the purposes intended, and in accordance with each contribution agreement's terms and conditions, are effective

The scope of the audit included all 15 funding opportunities and related contribution agreements since the inception of the PFP in 2011 and up to April 2014.

The following processes and activities were included in the scope:

- announcement of participant funding opportunities
- participant funding application process
- application review and approval process
- contribution agreement development and issuing process
- contribution agreement conditions fulfillment by successful applicants, including the final financial report
- payment process as per the conditions established in the contribution agreement
- closing the PFP process

The audit examined:

- the CNSC's policies and authorities
- risk management procedures
- the control environment
- the adequacy of operating processes

Audit fieldwork was conducted from January 2015 to May 2015 and included the review of relevant PFP documentation, interviews with staff and managers responsible for the administration of the program, compliance testing and analysis of information gathered, and the collection of evidence to identify strengths and support potential opportunities for improvement.

Summary of observations

Governance

The CNSC has effective and efficient governance and control processes for operating the PFP. There are some opportunities for minor improvements.

Program funding

The PFP is administered with due diligence and in accordance with the terms and conditions (T&Cs) of the CNSC's Grants and Contributions Program. The PFP complies with the *TB Policy on Transfer Payments* and *Directive on Transfer Payments*.

Program monitoring

In line with the risk assessment done as part of the program's design, the number of funding opportunities and the financial risk involved, it is our opinion that the CNSC has put in place adequate control and conducts reasonable monitoring and oversight of the PFP.

The findings and recommendations have been communicated to and accepted by management. Action plans addressed the audit recommendations.

Overall conclusions

The audit concluded that the PFP complies with the requirements of the *TB Policy on Transfer Payments* and *Directive on Transfer Payments* and that its implementation complies with the T&Cs for the CNSC Class Grants and Contributions Program as set out in appendix 2 of TB Submission 835713, approved on June 24, 2010.

1 Introduction

1.1 Background

The Canadian Nuclear Safety Commission (CNSC) values public and Aboriginal input into its regulatory processes. To augment the avenues available for public input, the CNSC established the Participant Funding Program (PFP) in early 2011.

The PFP was established to provide members of the public, Aboriginal groups and other stakeholders with the opportunity to request funding in support of their participation in the CNSC's regulatory decision-making processes. Such engagement helps enable meaningful public and Aboriginal participation in the environmental assessment and licensing processes. The PFP is one of the CNSC's two transfer payment programs; the other is for the CSA Group¹ work related to nuclear industry standardization.

The program provides funding to eligible applicants to participate in Commission hearings and other CNSC proceedings that are of significant interest to the general public or Aboriginal groups. The funding enables applicants to bring valuable information to the Commission through their informed and topic-specific interventions. The PFP's purpose is to:

- enable the CNSC to be designated a responsible authority under the *Canadian Environment Assessment Act, 2012*
- ensure more timely processes and meaningful public engagement in project reviews
- enhance the quality, thoroughness and credibility of the reviews, and reduce the risk of time-consuming and costly delays due to challenges to the adequacy of the process
- help fulfill the CNSC's constitutional and other obligations for consultation with Aboriginal groups on projects potentially affecting their rights and interests

The CNSC completed a management review² of the PFP in 2013. The last update provided by the PFP program manager to the Management Committee reported that all the action items had been completed.

During the development of the *Risk-Based Audit Plan 2014–15 to 2016–17* (RBAP), the Office of Audit and Ethics (OAE) reviewed program-related documentation and held consultations with senior managers and staff. The OAE recommended an internal audit of the governance, risk management and control processes that support the PFP. The CNSC President approved this project as part of that RBAP.

In 2014–15 the CNSC also initiated an evaluation of the PFP.

Since its inception in 2011, the PFP has completed 69 contribution agreements in support of 15 regulatory decisions and provided funding to 38 different applicants, with a total value of \$577,333.37.

¹ Formerly called the Canadian Standards Association.

² Wright, H. *Management Review of the Participant Funding Program at the Canadian Nuclear Safety Commission*. February 28, 2013. Internal document: Canadian Nuclear Safety Commission.

1.2 Authority

The audit of the CNSC's PFP was part of the approved CNSC *Risk-Based Audit Plan 2014–15 to 2016–17*.

1.3 Objectives and scope

The objectives of the audit were to provide reasonable assurance to CNSC management that:

- the governance, risk management and controls in place to support the objectives of the PFP are adequate and effective
- program activities are in compliance with the Treasury Board (TB) *Policy on Transfer Payments* and *Directive on Transfer Payments* and with internal CNSC protocols
- operational, financial and management controls over funding decisions are effective
- financial and management performance information is adequate and reliable
- controls that ensure funds are spent for the purposes intended, and in accordance with each contribution agreement's terms and conditions (T&Cs), are effective

The scope of the audit included all 15 funding opportunities and the related contribution agreements since the inception of the PFP in 2011 up to April 2014.

Based on the preliminary risk assessment, the following processes and activities were included in the scope:

- announcement of participant funding opportunities
- participant funding application process
- application review and approval process
- contribution agreement development and issuing process
- contribution agreement conditions fulfillment by successful applicants, including the final financial report
- payment process as per the conditions established in the contribution agreement
- closing the PFP process

1.4 Analysis of risk

TB Submission³ 835713, approved on June 24, 2010, included "Appendix 3: Risk Assessment and Mitigation for the CNSC Class Grants and Contributions Program".

The CNSC Office of Audit and Ethics (OAE) completed an assessment of risks in support of the development of the CNSC's *Risk-Based Audit Plan 2014–15 to 2016–17*.

During the planning phase of the audit, additional potential risks were identified by reviewing the governing TB policy and directive related to transfer payments; recent audits of grants and contributions within the Government of Canada; and CNSC policy, management protocols, guidelines and procedures.

³ TB Submission 835713 – Appendix 3: Risk Assessment and Mitigation for the CNSC Class Grants and Contributions Program

As a result of the above-mentioned risk assessment activities, three risk areas were identified and were the focus of the audit:

- CNSC governance and control systems do not ensure that the PFP is delivered in accordance with the TB policy and directive related to transfer payments.
- The PFP is not administered with due diligence and transparency in accordance with its approved T&Cs.
- Control, monitoring and oversight activities over the PFP are not risk based.

1.5 Audit criteria

Appendix A provides the lines of enquiry and related audit criteria used to achieve the audit objectives.

1.6 Approach and methodology

The audit was conducted from January 2015 to May 2015. The approach used for this audit focused on the governance and control processes that support the delivery of the PFP in accordance with TB's policy, the T&Cs for the CNSC's PFP as approved in TB Submission 835713, June 24, 2010, and the related CNSC protocols, standards and procedures.

During the conduct phase of the audit, the audit team:

- reviewed relevant PFP documents, including legislation, regulation, policies and processes, procedures and documented controls
- conducted interviews with key managers and staff
- tested the funding and contribution agreements and administrative processes that support their processing to assess the processes' compliance with CNSC and TB directives and guidelines
- analyzed information, and gathered and collected evidence with a view to identifying potential opportunities for improvement

The audit findings represent the processes and practices that have been in place since the inception of the program. Conclusions are based on a comparison of the conditions that existed as of May 2015 against pre-established audit criteria. Audit findings were discussed with CNSC management prior to their finalization.

1.7 Statement of conformance

This audit conforms to the *Internal Auditing Standards for the Government of Canada*, as supported by the results of the OAE quality assurance and improvement program.

2 Observations and recommendations

2.1 Line of enquiry 1 – Governance and control

To assess the adequacy of the management control framework, the audit examined the governance framework, including the applicable policy, directives, procedures, guidelines and standards.

The focus was on:

- governance structure – the policy and legal foundation for the program, and the Canadian Nuclear Safety Commission's (CNSC) policy, standards and guidelines for the management of the program
- operational process and procedure – the application solicitation and submission process, the eligibility assessment and recommendation process, the application funding approval processes, and the contribution agreement preparation process

Governance structure

The *Nuclear Safety and Control Act* provides the authority for the CNSC's programs. The President of the CNSC has overall accountability for the effective management of the Class Grants and Contributions Program, including the Participant Funding Program (PFP).

The terms and conditions (T&Cs) for the CNSC Class Grants and Contributions Program are set out in appendix 2 of Treasury Board (TB) Submission 835713, approved June 24, 2010.

The T&Cs provide overall program objectives and expected results, performance measures, eligibility requirements, eligible activities, funding determination, application criteria, funding criteria, eligible expenses, payment protocols, recipient reporting and official language obligations.

As part of its Harmonized Plan, the CNSC publishes the *CNSC Management System Manual*, which describes the CNSC's corporate-wide integrated management system, identifies and briefly describes key processes, and defines the responsibilities and authorities of the CNSC Management Committee members.

The second level in the hierarchy of CNSC process documents is the descriptions of key processes that identify the underlying processes, policies and procedures, and major inputs and outputs.

The third level includes documents that identify the activities that comprise the process, the tasks that must be carried out to complete each activity, and the procedures and tools essential for process execution.

The fourth level includes documents that identify the tasks that comprise process activities; the steps within each task; and work instructions, forms, templates and other tools needed to execute the related process.

Authority for the approval of funding plans, contribution agreements, financial commitments and payment is delineated in the *CNSC's Guide on Grants and Contributions for Managers*.

Overall roles and responsibilities for the PFP are delineated in the *CNSC's Guide on Grants and Contributions for Managers*.

Specific roles and responsibilities for the PFP are delineated in the following documents: *Open the Participant Funding Program*, *Administer the Participant Funding Program*, and *Close the Participant Funding Program*.

Operational processes and procedures

Tasks, processes and procedures for the PFP are delineated in the following documents: *Open the Participant Funding Program*, *Administer the Participant Funding Program*, and *Close the Participant Funding Program*.

2.1.1 Application solicitation and submission process

The Treasury Board (TB) *Directive on Transfer Payments* states that departments must ensure that potential recipients have ready access to information about transfer payment programs, and that a description of each program, including application and eligibility requirements and the criteria against which applications will be assessed, is made public.

The audit found that information about the PFP is adequate and available in both official languages on the CNSC website, with links to the program description, goals and objectives, current open funding opportunities, eligibility criteria, funding limits, application deadline, T&Cs, contact information, the funding application form, FAQs, the *Participant Funding Program Guide* (a step-by-step description of how the program works and a link to active funding opportunities), project funding announcements, and open and archived opportunities. The eligibility criteria listed on the website are clear and consistent with the criteria contained in the approved T&Cs for the CNSC Grants and Contributions Program.

Funding opportunity announcements are placed in local print media, on the CNSC website, in Facebook and in other media channels. Funding opportunity announcement eligibility criteria and related eligible expenses are consistent with the requirements of the CNSC's Grants and Contributions T&Cs.

A funding application form specific to each PFP opportunity is available on the PFP notices and latest updates page of the CNSC website. The *Participant Funding Program Guide* provides step-by-step instructions on how to complete an application form. The application form can be completed electronically or by hand and returned to the CNSC via mail, fax or email. The form's design calls for the information that the CNSC needs for assessing and processing an application. Program staff indicated that the form meets their needs.

To facilitate the application processing, the PFP administrator contacts applicants if more preliminary information is needed, including complete curricula vitae for experts listed or clarifications of the information provided.

The CNSC includes a question about the form in the PFP standard recipient survey, which solicits input about the program and seeks ways to improve it. Question 5 seeks input on the usefulness of the application form, *Participant Funding Program Guide*, financial report, website, etc. The audit team reviewed a sample of 18 responses and found that all 18 gave a positive response to question 5.

2.1.2 Eligibility assessment and recommendation process

The audit examined all of the assessments that the Funding Review Committee (FRC) completed to produce its 15 reports. This examination determined whether the process that the FRC followed complied with the requirements of the CNSC's PFP T&Cs and the more detailed requirements from the CNSC's internal procedures.

The assessment and recommendation process is summarized in the FRC's *Recommendations on the Allocation of CNSC Participant Funding* report. This report provides details on the FRC membership, the eligibility and funding criteria that apply to the funding applications, the FRC's rationale for recommending approval or rejection of the applications, as well as the recommended amount of funding. The examination of applications revealed that this report was completed for all funding opportunities. Additionally, the status of all applications is tracked in the PFP program log by the PFP administrator.

A review of all 15 FRC reports showed that the criteria used to assess applications were consistent with the criteria in section 18 and 19 of appendix 2 to the CNSC PFP T&Cs. A review of all FRC reports and the PFP program log showed that the rationale for granting or not granting participant funding to applicants is included in the report and recorded in the program log. A review of cases in which the FRC's recommendation was changed or amended showed that the rationale for such changes was included in the final FRC report.

2.1.3 Application funding approval processes

The audit examined all 15 funding opportunities to determine if the funding approval process complied with the requirements of the CNSC's T&Cs and the CNSC's process requirements.

The funding application review and approval process is set out in the *Management System Manual* procedure document *Open the Participant Funding Program*. The information note, "Recommendation on Opening PFP" (which outlines the opening of participant funding), includes a recommendation on the timing and schedule.

The PFP administrator is responsible for coordinating and supporting the preparation of FRC funding recommendation reports. The PFP administrator prepares the documentation for the FRC's review and the draft FRC recommendation report, and ensures the report is processed in accordance with CNSC procedures.

The program administrator tracks application documents via the *Program Log for Funding Applicants* tracking document from initial receipt to the final presentation of the application to the Vice-President (VP) of the Regulatory Affairs Branch (RAB) for approval. The log tracks the date of completion of each step and deliverable in the process.

Recipient surveys from PFP participants include feedback on whether their application was processed in time for them to prepare effectively for their involvement in the CNSC proceedings.

The VP RAB has the authority to approve, deny or modify the FRC recommendation for funding. Testing revealed that 13 of the 15 FRC recommendation reports were approved by the VP RAB. The two reports that were signed by the Director of Policy, Aboriginal and International Relations Division (PAIRD) were for meetings between CNSC staff and Aboriginal groups where funding had already been approved by the VP RAB.

In our review of the 15 FRC recommendation reports, we found that FRC's recommendations were changed by the VP RAB in four reports involving eight applicants. A reference to the FRC Recommendation Report VP RAB Briefing provided the rationale for these changes.

2.1.4 Contribution agreement preparation process

Once funding amounts are approved, the PFP administrator sends a copy of the final FRC recommendations and report to the CNSC's finance group for commitment of funds.

The audit examined all 15 approved funding opportunities to determine if individual contribution agreements were prepared for all of the 69 approved applicants. We found that they were.

All individual contribution agreements must be signed by a CNSC official as per CNSC standards. We found that all 69 individual contribution agreements were signed by a CNSC official in line with the delegations in place at the time. Contribution agreements were signed by the VP RAB, the Chief of Contract Management Services and the Director of PAIRD. It is noted that the most recent CNSC delegation of financial authorities chart requires that the Chief of Contract Management Services sign these agreements.

The contents of all agreements were consistent with the CNSC Grants and Contributions Program T&Cs and CNSC standards, and were signed by the recipient and approved prior to the period covered by the agreement.

2.1.5 Conclusion

The CNSC has effective and efficient governance and control processes for the operation of the PFP. There are some opportunities for minor improvements.

2.1.6 Opportunities

1. The current PFP application form does not require the applicant to provide curricula vitae (CV) for experts listed in the application. This deficiency requires the PFP administrator to contact the applicant to solicit such information. Modifying the application form to collect this information at the outset would eliminate this step in the process.
2. The authority to approve project funding for contribution agreements is delegated to the VP RAB. Once the project funding is approved, including the amount of funding for specific recipients, individual contribution agreements are created for each recipient. The current CNSC financial delegation chart requires the agreements to be signed by the chief of contracting. It is noted that the following has not been updated to reflect this change: *Overview of Grants and Contributions Process* document, figure 2 – Financial Process Overview. This item indicates that the VP RAB signs contribution agreements.

2.1.7 Recommendations

It is recommended that:

- a) the PFP application form be updated to require the applicant provide a complete CV for the experts listed
- b) the program's management system documentation be updated to reflect the current CNSC financial delegation chart for contribution agreements

2.1.8 Management response and action plans

- a) The PFP application form is already being updated by PAIRD and this suggested change will be integrated.

Completion date: Q3 2015–16

- b) The program's management system documentation, including the documents called *Overview of Grants and Contributions Process* and *HP Procedures to Administer the PFP* will be amended to reflect updates to the CNSC financial delegation chart for contribution agreements.

Completion date: Q3 2015–16

2.2 Line of enquiry 2 – Program funding decisions

The audit team also examined whether the payments that were authorized complied with the *TB Policy on Transfer Payments* and section 34 of the *Financial Administration Act* (FAA), and whether the reimbursement being claimed by a recipient was in accordance with the T&Cs of the agreement.

2.2.1 Operational, financial and management controls over funding decisions are effective

Upon receipt of the final financial report, the PFP administrator completes an assessment of expenses claimed and prepares a recommendation on eligible expenses. The determination of eligible expenses and limits is made in accordance with the applicable CNSC Class Grants and Contribution Program T&Cs.

The PFP administrator's recommendation is sent to the Director of PAIRD, who authorizes payment in accordance with her financial signing authority and submits it to corporate accounting for entry into the financial system. The Accounting, Controls and Contract Management Division disburses the funds.

Testing revealed that CNSC disbursements to eligible recipients comply with all relevant components of the *TB Directive on Transfer Payments*.

2.2.2 Funding agreements are approved as per the T&Cs of the agreement and CNSC policy

The VP RAB reviews and approves funding decisions related to each contribution agreement. Approved funding decisions are posted on the CNSC website. Agreements are approved prior to the period covered by the agreement.

2.2.3 Payments process is adequate and complies with the *TB Policy on Transfer Payments* and *Directive on Transfer Payments*

Final payments are made only after completion of the work as described in the contribution agreement. The recipient must submit a final financial report to the CNSC. The final financial report is received and compared to the contribution agreement. If the PFP administrator considers the deliverables are sufficient, he indicates this to the Director of PAIRD, who signs section 34 to release the payment.

Testing revealed that certification was completed in all cases to show that the deliverables provided by the recipient were acceptable. In cases when an advance payment was made, audit testing showed that it was handled in accordance with the CNSC's T&Cs and, consequently, that it complied with the *TB Directive on Transfer Payments*. The final financial reports for all agreements tested included assessments of the use of funds.

The authority to initiate a transfer payment (grant or contribution) as well as the authority to sign contribution agreements is specifically assigned in the CNSC Delegation of Financial and Contract Signing Authorities, May 2014. Full signing authority is given to the President, vice-presidents, directors general and directors/managers. The limits of that authority for those delegated are Full (up to the maximum permitted by law), \$200,000, \$100,000 and \$25,000 respectively.

Payment authority under section 33 of the FAA is delegated to financial officers to ensure that payments and other charges requisitioned are properly authorized as prescribed by the TB *Directive on Account Verification*.

On October 21, 2005, the Government of Canada announced its commitment to proactively disclose the awarding of grants and contributions over \$25,000 as part of its management improvement agenda. To this end, the Government announced the mandatory publication on departmental websites of the awarding of contributions over \$25,000. Our review of the CNSC website revealed that none of the four contributions over \$25,000 was disclosed on the CNSC website page that lists and explains the grants and contributions awards over \$25,000. All PFP contribution awards are disclosed on the CNSC's website as part of the PFP funding decision report, including those over \$25,000.

2.2.4 Payments are completed in compliance with the conditions of the agreement and section 34 of the *Financial Administration Act*

We found that payments are made in accordance with contribution agreement T&Cs. Payments are made only to recipients named in the approved and active agreement. The final financial report template (PFP) includes detailed information regarding the expenses being claimed by the recipient.

Testing showed that 48 of 49 final financial reports were completed by the recipient and received by the PFP administrator. Despite repeated requests for the remaining report to be submitted, it was not and no payment was made.

2.2.5 Conclusion

The PFP is administered with due diligence and in accordance with the T&Cs of the CNSC's Grants and Contributions Program. The PFP complies with the TB *Policy on Transfer Payments* and *Directive on Transfer Payments*.

2.2.6 Recommendation

It is recommended that the CNSC ensure that funding amounts over \$25,000 be disclosed on the CNSC website page that explains the grants and contribution awards over \$25,000.

2.2.7 Management response and action plans

The PFP administrator will work with CNSC finance and contracting to ensure that any future PFP contributions over \$25,000 are posted to the CNSC's Web page that explains the grants and contribution awards over \$25,000.

Completion date: Ongoing

2.3 Line of enquiry 3 – Program monitoring

The CNSC Class Grants and Contribution Program T&Cs require that the CNSC measure the extent to which participant funding enabled public stakeholders to effectively participate in CNSC decisions.⁴ This is measured by assessing the percentage of recipients who agree that funding assisted them, the extent to which timely decisions were made to provide participant funding and the extent to which recipients received funding in a timely manner.

The focus of the audit was on assessing whether the amount of monitoring of individual agreements is reasonable in light of the materiality of the funding amounts and the overall risk associated with each agreement. We also looked at the reporting of program activity conducted to keep senior management informed about the effectiveness and efficiency of program activities.

2.3.1 Monitoring of individual recipient agreements is performed proportionately to their risk level and the terms and conditions of the program

The TB submission included an assessment of risks associated with the PFP. Appendix 3 to the TB submission included the complete risk assessment and mitigation strategy for the CNSC's PFP. Two risks were identified as "high" and "medium": risk of a "perception of bias of an internal funding committee" and "potential delays of project timelines due to management of PFP".

The audit found that the mitigation measures planned were implemented in the design of the PFP.

In addition to the above-mentioned risk assessment and management matrix prepared for the TB submission, the CNSC also developed a risk-management matrix at the program level as part of its risk management approach for the CNSC's PFP.

All recipient reports – the final financial reports – are reviewed and assessed by the PFP administrator to help prepare a recommendation to the Director of PAIRD for approval of payment.

Prior to paying the contribution to the recipient, the PFP administrator prepares a "value added" assessment to determine if the information provided by the recipient actually added value to the process. This was not completed for KLX07 and BLR07, which were meetings with Aboriginal groups and not formal hearings. The funding associated with these two agreements was to facilitate the attendance of the groups at meetings with CNSC officials on specific subjects.

An information note – Determination of Added-Value for PFP Submission – was prepared for all contributions and provided to the Director of PAIRD, with a recommendation to pay or not pay the amount claimed by the recipient.

2.3.2 The PFP is actively monitored and information is provided by participants, where appropriate, to inform decision making by the Commission

Of the 15 funding opportunities reviewed, 13 have been closed. The 13 opportunities resulted in 46 recipients receiving funding. All 46 recipients were surveyed, with 29 responding. The feedback from the recipient surveys allows the CNSC to identify areas for improving the delivery of the program.

⁴ The majority of PFP funding opportunities are directly related to hearings, which contribute to decisions regarding licence renewals, etc.

In May 2012, the Director of PAIRD provided feedback to the Executive Committee on the overall performance of the program.

In March 2013, the Wright Report, which provided a series of recommendations to improve the PFP, was presented to the Management Committee. The recommendations were implemented and a plan and report on progress were presented to senior management. In December 2013 the Executive Committee was updated by program management on the action items in the report and on the improvements to the PFP since the last update.

In May 2014, a presentation was made to the CNSC Operations Committee seeking input and approval for PFP funding opportunities for the period 2014–16.

An evaluation of the program was completed by the CNSC's evaluation group and presented to the Management Committee on June 4, 2015.

Conclusion

In line with the risk assessment done as part of the design of the PFP, the number of funding opportunities, and the financial risk involved, it is our opinion that the CNSC has put in place adequate control and conducts reasonable monitoring and oversight of the PFP.

3 Overall conclusion

The audit concluded that the Participant Funding Program complies with the requirements of the Treasury Board *Policy on Transfer Payments* and Treasury Board *Directive on Transfer Payments* and that the implementation of the program complies with the terms and conditions for the CNSC Class Grants and Contributions Program as set out in appendix 2 to Treasury Board Submission 835713, approved in June 24, 2010.

Appendix A: Detailed audit criteria

1	Line of enquiry 1 – The CNSC has effective and efficient governance and control processes that support the delivery of the Participant Funding Program (PFP) in accordance with CNSC objectives.
AUDIT CRITERIA	Sub-criteria
	1.1 The current governance structure is adequate.
	1.2 The application solicitation and submission process is adequate.
	1.3 The eligibility assessment and recommendation process is adequate.
	1.4 The application approval process is effective and efficient.
	1.5 The contribution agreement preparation process is adequate.
2	Line of enquiry 2 – The PFP is administered with due diligence and transparency in accordance with its approved terms and conditions and in compliance with Treasury Board (TB) policy and CNSC protocols.
AUDIT CRITERIA	Sub-criteria
	2.1 Operational, financial and management controls over funding decisions are effective.
	2.2 Funding agreements are approved as per the authority in the terms and conditions of the CNSC agreement and CNSC protocols.
	2.3 Payment process is adequate and complies with the TB <i>Policy on Transfer Payments</i> and <i>Directive on Transfer Payments</i> (2008).
	2.4 Payments are completed in compliance with the conditions of the agreement and section 34 of the <i>Financial Administration Act</i> .
3	Line of enquiry 3 – The CNSC exercises risk-based control, monitoring and oversight activities over the program.
AUDIT CRITERIA	Sub-criteria
	3.1 Monitoring of individual recipient agreements is performed proportionately to their risk level and in accordance with the terms and conditions of the program.
	3.2 There are monitoring and reporting processes in place to support program review and the CNSC's performance measurement strategy.

Appendix B: Audit recommendations and management action plan

<p>Opportunities</p> <p>The current application form does not require the applicant to provide CVs for experts listed in the application. This requires the PFP administrator to contact the applicant to solicit such information. Modifying the application form to collect this information at the outset would eliminate this step in the process.</p> <p>Recommendation</p> <p>It is recommended that the PFP application form be updated to require the applicant to provide complete CVs for the experts listed.</p>	
Management response and action plan	Timeline
<p>Agreed</p> <p>The PFP application form is already in the process of being updated by the Policy, Aboriginal and International Relations Division and this suggested change will be integrated.</p>	<p>Q3 2015–16</p>

<p>Opportunities</p> <p>The authority to approve funding for contribution agreements for project funding offerings is delegated to the Vice-President, Regulatory Affairs Branch (VP RAB). Once the project funding is approved, including the amount of funding for specific recipients, individual contribution agreements are created for each recipient. The current CNSC financial delegation chart requires the agreements to be signed by the chief of contracting. It is noted that the <i>Overview of Grants and Contributions Process</i> document, figure 2 – Financial Process Overview, which indicates that VP RAB signs contribution agreements, has not been updated to reflect this change.</p> <p>Recommendation</p> <p>It is recommended that the program’s management system documentation be updated to reflect the current CNSC financial delegation chart for contribution agreements.</p>	
Management response and action plan	Timeline
<p>Agreed</p> <p>The program’s management system documentation, including the Overview of Grants and Contributions Process as well as the HP Procedures to Administer the PFP documents will be updated to reflect the update to the CNSC financial delegation chart for contribution agreements.</p>	<p>Q3 2015–16</p>

<p>Opportunity</p> <p>Our review of the CNSC website revealed that none of the four contributions over \$25,000 were disclosed on the CNSC website page that explains the list of grants and contributions awards over \$25,000. All PFP contribution awards are disclosed on the CNSC's website as part of the PFP funding decision report, including those over \$25,000.</p> <p>Recommendation</p> <p>It is recommended that the CNSC ensure that funding amounts over \$25,000 be disclosed on the CNSC Web page that explains the grants and contribution awards over \$25,000.</p>	
Management response and action plan	Timeline
<p>Agreed</p> <p>The PFP administrator will work with CNSC finance and contracting to ensure that any future PFP contributions over \$25,000 will be posted to the CNSC's website page that explains grants and contribution awards over \$25,000:</p> <p>nuclearsafety.gc.ca/eng/transparency/grants-and-contribution-awards-over-25000.cfm</p>	<p>Ongoing</p>

Appendix C: Acronyms

CNSC	Canadian Nuclear Safety Commission
FAA	<i>Financial Administration Act</i>
FRC	Funding Review Committee
FFR	final financial report
HP	Harmonized Plan
MSM	<i>Management System Manual</i>
OAE	Office of Audit and Ethics
PAIRD	Policy, Aboriginal and International Relations Division
PFP	Participant Funding Program
RAB	Regulatory Affairs Branch
RBAP	Risk-Based Audit Plan
TB	Treasury Board
T&C	terms and conditions
VP	vice-president